

TOURISM INFRASTRUCTURE - SWEDEN

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A. SUMMARY

Currently, most infrastructure development projects are for the expansion of current facilities to meet increased demand. The travel and tourism industry in Sweden is thriving and has a well-developed infrastructure that compares favorably on an international scale. Sweden has a very extensive highway system and an excellent network of rail, ferry and air transportation. Sweden is a safe country to visit; free from political unrest, high crime rates and natural threats. Overall Sweden's tourist profile is well suited to the requirements of foreign travelers.

Here is basic information on Sweden, published by the Central Intelligence Agency. Sweden is slightly larger than California, and covers 449,964 sq km. Forests and woodland cover 68 percent of the country. The railway system operates well with 12,821 km of rail. Paved highways cover 163,453 km. Sweden is mostly flat, with gently rolling lowlands. Mountains are found in the west. The highest elevation is 2,111 meters at Kebnekaise. The lowest point is the Baltic Sea at 0 meters.

Sweden's estimated Gross Domestic Product in 1999 totaled 1.7 billion SEK (USD 184 billion), with a growth rate of 3.8 percent. The GDP per capita was SEK 194,580 (USD 20,700). Statistics provided by the CIA. According to the Swedish Tourist Authority, tourism revenues totaled SEK 150 billion (USD 17 billion) in 1999, or 9.2 percent of GDP. In 1999, foreign tourists spent around SEK 34 billion (USD 3.6 billion) in Sweden. Norway is the largest foreign market for Swedish tourism, followed by Germany, other Scandinavian countries, the Netherlands, Great Britain, and the United States. Since 1996, the number of visitors from the United States has increased by an average of 3.6% and Japan is increasing by an average 5.2 percent per year.

Domestic tourism, for both business and leisure, accounts for a large part of the tourism market. However, decreases from 1998 have occurred. In 1999, 7.3 million business trips were made, which is a .7 million reduction from 1998. The average amount of money spent by one person in one day of a business trip was SEK 1587 (USD 169), and 60 percent traveled by car. Leisure trips saw a 5 million reduction and totaled 32 million in 1999. An average of SEK 285 (USD 30) was spent per day by each traveler. 75 percent of tourists traveled by car. Stockholm was the most popular destination for business travelers and Vastra Gotland and Stockholm were the top two destinations for leisure travelers.

The most promising areas for tourism infrastructure development include golf courses, urban hotels, ski-areas, and projects related to the opening of the Oresund Bridge between Malmo and Copenhagen.

B. INFRASTRUCTURE STATUS

Resort and Hotel Development

Large resort hotels are not common in Sweden, and there are no expected plans for development. While many Swedes travel abroad seeking holidays at such facilities, the domestic market has not evolved to include resort hotels. According to statistics published by the Swedish Tourist Authority, foreign visitors spent nearly 9 million nights in Swedish hotels, resorts, hostels and campsites in 1999, and domestic tourists spent just over 31 million nights. In total, Sweden has 1,895 hotels with a total of 185,622 beds. In addition, there are 324 holiday villages with a total of 50,570 beds. Hotels in Sweden had 47 percent room occupancy rate and a 34 percent bed occupancy rate in 1999. The rates for holiday villages were a bit lower at 29 percent for room occupancy and 24 percent for bed occupancy.

According to the Swedish Hotel & Restaurant Association (SHR), Sweden's three largest cities (Stockholm, Malmo and Gothenburg) are beginning to experience a shortage of hotel rooms, and all three cities are seriously exploring development options. In Stockholm, where hotel development has been under discussion for nearly two years, plans were slowed by debates over how great the expansion should be. Even with the occupancy rate greater than 70 percent for the first eight months of 1999, planners are still concerned about over-development. Currently, the greater Stockholm area has around 200 hotels offering around 30,000 rooms. Industry sources anticipate the construction of two hotels in the downtown area, increasing the number of rooms by 500 to 800. The exact timeframe for construction was not available.

Marinas/Boating

Nearly 8.7% of Sweden is under water. Roughly 96,000 lakes compliment Sweden's 3,218 kilometers of coastline, making pleasure boating, and other water recreation activities, very popular. In 1998, roughly 3 billion SEK (USD 375 million) was spent on pleasure boating (including imports, domestic sales, accessories and fuel). The Swedish Marine Industries Federation (BRF) estimates that 1.3 million pleasure boats operate in Sweden (approximately one boat for every seven Swedes). Seventeen percent of all boats are outfitted for overnight stays. More than half the Swedish population takes at least one pleasure boat trip per season. According to the statistics provided by BRF, the Swedish market for boat sales, including imports and exports, was worth over 1 billion SEK in 1999. The balance of trade is favorable, as Sweden exported 883 million SEK and only imported 325 million SEK worth of boats. Norway and Germany are the top importers of

Swedish boats, holding 21 and 19 percent of the market, respectively. Finland is the top supplier of imported boats to Sweden, with 26 percent of the market. Norway is next, with 22 percent.

There are 1,500 marinas and boat clubs in Sweden, 600 of which are equipped to handle visiting boats. Most Swedes are members of boat clubs rather than commercial marinas. The clubs operate similar to co-operatives, with members all taking part in boat and yard maintenance. There are more than 1000 boat clubs in Sweden, with membership ranging from 100 to 3000 members.

While the industry has been growing by an average of 15 percent per year for the last six years, growth is slowing (industry measured by boat production, imports and exports). Existing facilities have been able to cope with the increase, according to the BRF, and there are no immediate plans for further infrastructure development.

Theme Parks

Sweden currently has 16 theme or amusement parks scattered throughout the country. The two major theme parks are Grona Lund in Stockholm and Liseberg in Gothenburg. Both parks feature a wide range of thrill rides, as well as stage performance facilities. Grona Lund has about 1.2 million visitors each year and Liseberg had 3.1 million in 2000.

There are no plans for major theme park development in Sweden. However, Grona Lund recently bought a section of land adjacent to the existing park, but no specific plans have been announced for how the land will be used. Coming in April 2001, Liseberg will open its new Maxxima theater, a large Iworks-cinema.

Golf Course Development

The number of registered golfers in Sweden has risen by an average of 5.5 percent per year since 1994. According to Svensk Golf, as of September of 2000, there were 512, 749 registered golfers in Sweden. This represents one golfer for every 17 Swedes, and a 7.6% increase from 1999. The Swedish Golf Federation (SGF) expects annual membership increases of 25,000 players over next five years.

To meet the anticipated demand increase, the SGF is presently working to encourage the building of up to 25 new courses a year over the next five years. There are currently 405 golf courses throughout Sweden, 50 of which do not require a registered handicap card to play. This latter group of courses, referred to 'pay and play', has increased in number in recent years, affording greater access to the sport for the general public. Some of these pay and play courses may be 'short' or 'executive' courses, consisting only of par 3 holes.

The construction goal may be a bit lofty, however, due to the challenge of bringing together interested parties and the high costs of land acquisition and construction. More than likely, the timetable for building new courses will lag behind demand growth.

Winter Sports Facilities Development

The market for alpine skiing has been growing steadily for some time (measured by lift-

ticket sales). According to the Swedish Lift Areas Organization (SLAO), the average growth rate over the last five years has been 5 to 6 percent. Swedish ski areas saw a total of nearly 2 million visitors in the 1998-99 season. However, a Swedish Central Bureau of Statistics study found that the market would remain relatively stable over the next ten years.

There are 275 lift-operating companies in Sweden, however there are three downhill ski resort areas that account for more than half of the market. The largest ski area, Salen, includes 4 different resorts, and accounts for 35.5 percent of the market. Are-Vemdalen accounts for 18.3 percent, and Idre Fjall is in the number three spot with 7.2 percent of the market. Combined, the three areas have more than 250 downhill runs and roughly 180 kilometers of groomed cross-country trails.

In September of 1999, Salen announced plans to purchase Are for SEK 250 million (USD 31 million). The combined company will account for around 50 percent of the Swedish ski market and project revenues of SEK 600 million (USD 75 million). Together, the companies will have the resources to increase their competitiveness on the international market, while still maintaining a wide brand portfolio.

As the merger will not be finalized until January 2000, company sources will not discuss specific development projects other than to say that several initiatives are under discussion. Are began work on a new lift to connect its two mountains before the merger, and the project should continue as planned.

Airport Redevelopment

Sweden has a total of 256 airports, but only 147 host paved runways. Forty-nine airports offer scheduled traffic. The largest airport is Stockholm's Arlanda, which handled over 17 million passengers in 1999. The second largest airport is Gothenburg-Landvetter, based on passenger traffic (3.9 million in 1999), followed by Malmo-Sturup (1.8 million). Most of the other airports are smaller, regional airports, with a majority of routes connecting to one of the three largest hubs, or between one another. However, several of the regional airports serve international routes to other major cities in Northern Europe, as well as charter traffic to vacation destinations in southern Europe.

According to Luftfartsverket (Swedish Civil Aviation Administration, SCAA) overall air traffic in Sweden has grown steadily in recent years, and some airports have experienced double digit growth in passenger traffic. A 5 percent increase in air traffic occurred from 1998 to 1999, growing by 1.2-1.4 million passengers per year. A total of 21.8 million passengers traveled via airports operated by the SCAA in 1999. An additional 1.6 million traveled via non-SCAA airports (private and municipal airfields). By 2010, the number of air passengers is estimated to have grown 70 percent compared to 1996.

As a result of this anticipated drastic increase in passenger traffic, Arlanda is undergoing a major overhaul of the terminal system. One new terminal is being built and the old terminals are being renovated. Construction of a third runway is also underway and will be completed in Spring 2002. The cost of the third runway is projected at 290 million

USD. In addition, the high-speed Arlanda Express train was inaugurated on November 24, 1999. This service cuts travel time to the airport in half (20 min). Overall, Luftfartsverket will invest 1.1 billion USD during 2000-2003 to expand and improve airport infrastructure

The 16 million USD construction project at the Lulea-Kallax airfield is now complete. Intended to be a new cargo hub for flights over the North Pole and Northern Hemisphere, the runway was extended to over twice its size and is now the longest in Sweden. Significant additions, costing 88 million SEK, were also made to the Ostersund Airfield. Gothenburg airport is planning to renovate the existing terminal, as well as exploring the possibility of building a terminal.

C. OBJECTIVES FOR THE FUTURE

In May of 1996, the Swedish Tourist Authority, the Swedish Travel and Tourism Council, trade organizations, companies, and public authorities from the local and regional level submitted an action program to the Government. The strategic guidelines laid out in the report have become the basis for development of the Swedish tourism industry. The overall policy objectives are to make Sweden a highly attractive tourism destination for both leisure and business travelers, and to ensure the competitiveness and profitability of the industry over the long-term. This is to be achieved through strong, industry-wide cooperation and networking, and the development of a common approach to important issues; a customer-centered approach to market development; a willingness to implement new expertise and business concepts; and the maintenance of a healthy environment through long-term, sustainable development.

Much of Sweden's tourism industry centers on outdoor activities. Therefore, sustainable development with respect to the environment figures prominently among the action program strategies. In 1998, the Swedish tourism industry drew up a strategic action program to guide its sustainable development efforts. The program stresses that environmental efforts should be carried out within the overall context of tourism development. Furthermore, the program concludes that sustainable tourism development requires local partnerships between business and government officials, and that companies must take responsibility for respecting the environment, rather than wait for regulations to be passed by public authorities.

The unique and long-established Swedish Right of Public Access, *Allemansstratten*, allows the Swedish countryside to be open to everyone. You are free to walk, jog, cycle, ride and ski through the forests and countryside even across other people's land, provided you do not cause any damage or disturbance. You can also swim or moor your boat and go ashore. The Swedish Ecotourism Society, founded in 1996, supports ecotourism operators who offer something extra in terms of experiences, service and activities while maintaining the highest ecological standards, strong connections with the local community and its culture and heritage. City Guide Stockholm made available the information above.

Bridge Construction

After nearly ten years of construction, the 16 km long Oresund Bridge, connecting Denmark and Sweden, opened July 1, 2000. It serves as the first and only direct road and rail link to Scandinavia from continental Europe. Centered around Copenhagen-Malmö, the Oresund region has 3.2 million people within a radius of about 100 km. During the Oresund Bridge's first six-month period of operation, 1.5 million vehicles crossed the link each day. The number of rail passengers far exceeded expectations and accounted for about 2.4 million passengers. By car and by rail, the total number of people crossing the bridge in those 6 months was 4.2 million. Although the actual number of vehicles was below the original estimation, the Oresund Consortium expects an increase of 1,000 vehicles per day.

D. MAJOR TOURISM INFRASTRUCTURE PROJECTS/BEST PROSPECTS

Oresund Bridge

The Swedish and Danish governments are working together to make Oresund one of Europe's cleanest metropolitan regions. Current development projects in Malmö area include a Sports and Entertainment Complex and the Hotel Scandinavian Tower holding 700 rooms. Along with other hotel developments in Copenhagen, a total of 1400 new hotel rooms will be added to the region. While the above projects are already underway, further infrastructure development in the region can be expected as use of the Oresund Bridge has become a reality.

Existing differences in legislation between Sweden and Denmark may slow economic development in the Bridge's early years of operation, but both governments are working together with the Oresund Committee to analyze and remove these barriers so that legislation in Sweden and Denmark will become more uniform.

Golf Course Construction

With the SGF projecting the need for 25 new golf courses in the next five years, there will be increased demand for golf course design and construction firms in the coming years.

Urban Hotels

Sweden's three major cities have experienced significant demand for hotel space in recent years. As a result there are plans (at various stages of development) to add more hotel space in each city.

Salen/Åre merger

While the merger has not been officially realized, there are bound to be substantial development plans announced in early 2000 when Sweden two largest ski resort operators become one.

Airports

Having experienced record passenger traffic in 1999, Arlanda airport is well along in its expansion efforts. While most projects have already begun or been assigned, there may be further opportunities if plans for construction of an additional airport in the south of

Stockholm come to fruition.

E. MARKET ACCESS

Sweden is a great market for goods and services originating from the United States. Sweden offers American exporters a wide range of methods for the distribution and sale of products with a high level of efficiency. The Swedish Federation of Trade (Svensk Handel) is the principal organization for private sector importers and traders in Sweden. Approximately two-thirds of all Swedish imports, usually consumer goods and industrial raw materials, are imported and purchased through wholesalers/importers. The major distribution centers are Stockholm, Gothenburg, and Malmo. Normally, an exclusive agent or distributor is appointed to cover the Swedish market. Swedish agents/distributors often represent several foreign firms. Close contact between the American principal and the Swedish agent/distributor is very important and should be developed early.

There are no restrictions on foreign-owned firms establishing companies in Sweden. Foreign investors in Sweden historically have favored the limited liability corporate form. A subsidiary of a foreign company established in Sweden in accordance with Swedish law is considered a domestic company in all respects. Joint venture agreements are common in Sweden. This legal vehicle may be either a limited liability company (AB), or a partnership (HB).

While private procurement has no legislated restrictions, procurements involving the public sector must adhere to the Public Procurement Act. By means of the Public Procurement Act, bodies governed by public law must procure goods and services in a businesslike, competitive, and non-discriminatory way. The act applies to bodies that award public works contracts: central government agencies, municipalities, county councils, and Church of Sweden units. Also covered are central and local government-owned companies, associations, special districts and foundations established to perform tasks for the benefit of the public. Tourism infrastructure development projects involving public authorities will most likely involve municipalities and county councils. Purely business considerations determine the methods and sources of procurement by local government and similar bodies. The normal procedures in inviting bids are through circular letters addressed to firms known to be reputable and reliable.

Tender opportunities involving government agencies are published in Anbuds Journalen (www.ajour.se, Tel: +46-23-705700) or the U.S. Department of Commerce's publication, Commerce Business Daily. The European Union publication Tenders Electronic Daily (<http://ted.eur-op.eu.int>) also lists public tenders for all EU nations. Code-covered tenders are also published in the Journal of Commerce, Tel. 46-8-7028050, a private sector newspaper.

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Massradet/STFC—Trade Fair Council
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